

[DRAFT]

**MINUTES OF THE REGULAR MEETING  
BARRINGTON HILLS POLICE PENSION BOARD  
April 26, 2010**

**Call to Order.** President Hammelmann called the meeting of the Barrington Hills Police Pension Board to order at 7:40 a.m. in the conference room of the Village Hall.

**Roll Call.** Present - Trustees Borck, Fernandez, White and President Hammelmann (4). Also present were Investment Advisor Dave Wall, Board attorney Nanci Rogers, and Nathan Gaskill and Wes Levy of Lauterbach & Amen.

**Approval of Minutes.** The Board reviewed a copy of the minutes from the January 25, 2010 meeting. Motion by Borck, seconded by White, to approve the minutes of the January 25, 2010 meeting.

Ayes: President Hammelmann, Trustees Borck, Fernandez and White (4).

Nays: None. Motion carried.

**Payment of Bills.** Motion by Borck, seconded by Hammelmann, to pay the following bills:

Lauterbach & Amen	\$ 865.00
Wall & Associates	\$ 2,563.80

Ayes: President Hammelmann, Trustees White, Fernandez and Borck (4).

Nays: None. Motion carried.

Discussion re: payment of RSNLT bill deferred until later in the agenda pending information on balance due.

**Board Attorney Report.** Attorney Rogers noted that all Trustees now have received a copy of the annual Statement of Economic Interests and have completed the forms and will submit them to the Cook County Clerk by May 1, 2010.

Attorney Rogers reported on pending legislation that if enacted would affect the pension fund and the Board's obligations as follows. Attorney Rogers will keep the Board updated on the status of any of these bills that become law.

HB 5059 Would amend the Illinois Pension Code to provide that a pension fund may not invest in any funds that trade derivatives in off markets or non-open markets. Referred to House Rules Committee on March 15, 2010.

- HB 5297 Would amend applicable sections of the Pension Code to provide that for the 2-year period consisting of taxable years 2010 and 2011, the board of trustees of the municipality shall annually levy a tax at the rate that will produce an amount for that 2-year period that is the lesser of: (i) the amount levied for taxable year 2009 multiplied by 1.1 or (ii) an amount that, when added to the deductions from the salaries or wages of police officers and revenues available from other sources, will equal a sum sufficient to meet the annual actuarial requirements of the pension fund. Referred to House Rules Committee on March 15, 2010
- HB 5478 Would amend the Pension Code to provide that certain disabled police officers who are receiving a disability pension and who apply within 60 days after the effective date of the amendatory Act and annually thereafter, shall be eligible to receive an annual noncompounded increase in his or her disability pension equal to 3% of the original pension. Deletes language providing that within 60 days after accepting an initial application, the Fund shall pay to the disabled police officer amounts resulting from the annual increases that have accrued retroactively. Referred to House Rules Committee on February 5, 2010.
- HB 5483 Would amend the Illinois Open Meetings Act to provide that a public body approve minutes of its open meeting within 30 days after the meeting or at its next regularly scheduled meeting, whichever is later. Also requires that any person be permitted to address public officials at meetings under rules established and recorded by the public body. Passed by the House on March 25, 2010; second reading in Senate assigned for April 22, 2010.
- HB 5873 Would amend the Pension Code to provide that, upon issuing the report to the municipality, pension funds shall provide certain reports on the pension fund to the Department of Insurance. Requires the Department to compile these reports on an annual basis into a comprehensive report and make the report available to the General Assembly and the Governor. Passed by the House on March 12, 2010; third reading in Senate scheduled for April 27, 2010.
- HB 6117 Would amend the Pension Code to provide that the University of Illinois create and maintain a fiduciary college for the purpose of educating pension fund members and others on ethics, fiduciary duty, investment issues, and any other curriculum. Provides that downstate police funds may opt to participate in these classes, and in doing so, board members shall fulfill any requirements for training otherwise required by the Code. Referred to House Rules Committee March 15, 2010.

- HB 6619 Would amend the Pension Code to allow payment of a survivor's pension to the surviving spouse and children of a marriage occurring after retirement, if the surviving spouse and the deceased police officer were married for at least one year immediately preceding the date of death. Second reading in the House on March 16, 2010.
- SB 2525 Amends the Pension Code to require every pension fund established under the Code, other than a State-funded retirement system, to indemnify and protect the trustees against all damages claims and suits. Passed Senate on March 12, 2010; the second reading in House on April 22, 2010.
- SB 2822 Amends the Pension Code to allow a designated domestic partner to qualify as a surviving spouse for purpose of survivor and death benefits. Referred to House Rules Committee on March 19, 2010.

### **Accountant Report.**

Nathan Gaskill distributed a financial report prepared by Lauterbach & Amen LLP depicting the statement of plan net assets for the Fund as of March 31, 2010, and the related statement of changes in plan net assets for the one month and three months ended March 31, 2010. As of March 31, 2010, plan net assets held in trust were \$3,646,279.58. Gaskill reported that plan net assets increased by \$227,146.97 for the three months ending March 31, 2010. Gaskill also reviewed supplementary financial information contained in the report including a summary of cash and investments and Fund asset allocations as of March 31, 2010, and a detailed report of Fund revenues and expenses for the one month and three month period ended March 31, 2010. A copy of the report is attached to these minutes. Gaskill also reported that all financial data has been transmitted to the Board's actuary Tim Sharpe, and it is expected that the annual actuarial report will be available prior to the June 30, 2010 due date. Gaskill also advised the Board that all issues of access by Lauterbach & Amen to the Funds' records on the DOI website have been resolved.

**Payments of Bills (continued).** Motion by Borck, seconded by Hammelmann to pay the following bill:

Robbins Schwartz \$ 944.46

Ayes: President Hammelmann, Trustees White, Fernandez and Borck (4).

Nays: None. Motion carried.

### **Investment Report and Recommendations.**

Investment Advisor Dave Wall distributed a report showing the status of the Fund's investment portfolio as of the first quarter of 2010. A copy of the report is attached to these minutes.

As of March 31, 2010, the Fund portfolio was invested 17% in equities, 4% in cash, and 79% in fixed income securities. Wall noted that the Fund was invested approximately 5.6% in fixed income mutual funds, which count toward the statutory equities limit, but that the Fund is still well below the 45% limit for equity investments. Wall reviewed the performance of the Fund's investments for the first quarter noting that the Fund experienced an investment gain of approximately \$50,193 during the quarter, with plan assets valued at approximately \$3.6 million as of March 31, 2010. The Fund's overall rate of return for the year ending December 31, 2009 was just over 7%. Wall reported that the Fund's bond portfolio had an approximate 3½% rate of return over the past year, slightly exceeding the benchmark index. Overall, the Fund's equity portfolio gained \$16,659 during the first quarter and has experienced a 36% rate of return since April 30, 2009.

Wall noted that the Fund took a somewhat conservative approach during the first quarter of 2010, with the economic outlook remaining uncertain. However, Wall observed that certain economic indicators suggest that the economy may be turning the corner, citing modest improvement in employment numbers and saving rates beginning to decline. Wall recommended that the Board consider moving some of the \$160,000 currently held in cash to an equity mutual fund position.

The Board discussed and agreed with the recommended increase in the Fund's holdings of equity mutual funds, while keeping the same relative weights as currently exist for the Fund's equity mutual fund distribution.

**Vacant Board Seat Discussion.** Mayor Abboud has not yet advised the Board of his appointment to fill the open seat on the Board.

#### **Guest Speakers.**

None.

#### **Approve annual knee exam for Alex Fernandez.**

Mr. Fernandez will be scheduled for an Independent Medical Exam and a physician's report should be provided to the Board at the next Board meeting.

**Next Meeting.** It was announced that the next regular Board meeting will be July 26, 2010 at 7:30 a.m. at the Village Hall in the Village of Barrington Hills.

**Adjournment.** On motion by Trustee Fernandez, second by Trustee Borck, and unanimously carried by voice vote, the meeting was adjourned at 8:30 a.m.

APPROVED:

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President Hammelmann

\_\_\_\_\_, 2010

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